

Message Text

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PAGE 01 QUITO 05030 312221Z

70

ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

XMB-07 L-03 CIAE-00 INR-11 NSAE-00 PA-04 PRS-01

USIA-15 FAA-00 CAB-09 DOTE-00 DODE-00 NIC-01 DRC-01

/149 W

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R 312133Z JUL 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 1935

INFO AMCONSUL GUAYAQUIL

UNCLAS QUITO 5030

E.O. 11652: N/A

TAGS: ETRN, EC

SUBJECT: GOE TAKEOVER OF COMPANIA ECUATORIANA DE AVIACION

REF: QUITO 3161

1. ON JULY 30, THE GOE ANNOUNCED IT HAD COMPLETED THE TAKEOVER OF COMPANIA ECUATORIANA DE AVIACION WITH AN OUTLAY OF 100 MILLION SUCRES (4 MILLION DOLLARS). THE GOE HAD PREVIOUSLY HELD 96 PERCENT OF ECUATORIANA'S SHARES THROUGH TAME, THE GOE OWNED AND OPERATED DOMESTIC AIRLINE (SEE REFTEL). THE NEW NAME OF THE AIRLINE IS EMPRESA ECUATORIANA DE AVIACION.

2. THE AIRLINE WILL BE ATTACHED TO THE MINISTRY OF DEFENSE THROUGH THE ECUADOREAN AIR FORCE. THE BOARD OF DIRECTORS OF THE NEW COMPANY WILL CONSIST OF REPRESENTATIVES FROM THE OFFICE OF THE PRESIDENT OF THE REPUBLIC, THE MINISTRIES OF DEFENSE, FINANCE, COMMERCE AND INDUSTRIES, AND TAME. DUTIES AND FUNCTIONS OF THE BOARD OF DIRECTORS ARE YET TO BE ESTABLISHED.

3. MINDEF ALMEIDA INDICATED THAT COMMISSIONS HAD BEEN DESIGNATED
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TO RECEIVE AND STUDY BIDS SUBMITTED BY SEVERAL FIRMS FOR SALE OF

EQUIPMENT TO ECUATORIANA. THESE PROPOSALS WILL BE STUDIED BY ANOTHER COMMISSION AND ON ITS RECOMMENDATION, A DECISION WILL BE REACHED ON THE PURCHASE OR LEASING OF THE EQUIPMENT.

4. THE MINDEF HAS ALSO BEEN AUTHORIZED TO ACQUIRE, WITH GOVERNMENT GUARANTEE, TWO JET AIRCRAFT FROM WHICHEVER FIRM OFFERS THE MOST FAVORABLE BID. THIS WOULD BE FINANCED WITH GOVERNMENT CAPITAL AND THE INTEREST AMORTIZATION OF THE AIRLINE'S RESOURCES. AS FINAL COMMENT, ALMEIDA STATED THAT LUIS LEORO FRANCO, WHO RECENTLY RETURNED TO ECUADOR AFTER BEING AIR ATTACHE IN THE EMBASSY IN WASHINGTON, WOULD UNDOUBTEDLY BE RECOMMENDED TO SERVE ON THE COMMISSION WHICH IS IN CHARGE OF RESTRUCTURING THE AIRLINE. BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIRLINES, CENTRAL GOVERNMENT, STATE ENTERPRISES
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO05030
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740209-0007
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974072/aaaaabqg.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: QUITO 3161
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 28 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 OCT 2002 by ThomasVJ>; APPROVED <21 JAN 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOE TAKEOVER OF COMPANIA ECUATORIANA DE AVIACION
TAGS: ETRN, EAIR, EC, ECUATORIANA DE AVIACION, EMPRESA ECUATORIANA DE AVIACION,
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005